

INDUSTRIAL MIGRATIONS: Considerable controversy has arisen in recent years over what has been termed southern "raids" on northern industry. In fact serious proposals have been made with the view to slowing this trend by passing Federal legislation pertaining to such fields as: tax exemptions on municipal bonds used to furnish factory sites and plants; advantageous power rates from Federal hydroelectric developments; unionization, minimum wage, and other labor policies; social security provisions; amortization and tax write-off privileges; and revision of transportation rate structures. (See Article by Senator John F. Kennedy of Massachusetts in January, 1954 issue of THE ATLANTIC).

In the first place the percentage of all new industry being developed in the South, and North Carolina in particular, that has resulted from the actual transfer there of northern manufacturing facilities, is very small indeed. Although no reliable data is available it appears that a similar conclusion is in order with respect to the number of new North Carolina industries which have been provided with factories, or other facilities, financed by the sale of tax-exempt public bond issues. In fact there is no existing legal basis for such practices on the State level, and tax-exempt bonds of lower political echelons would be worthless unless their issuance was authorized by the State Legislature. In support of the above an official of the Seaboard Air Line Railroad recently made statements (before the Harvard University Conference on Careers at Cambridge, Mass., Feb. 17, 1954) to the following effect:

"I am sure it is safe to say that for every dollar spent in the establishment of industry in the South which was removed from some other area, there have been ten dollars invested in new enterprises having nothing to do with the removal of industry from any other section.

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"Let me simply state here in that connection that, of the 1,100 industries which have located on the Seaboard Air Line Railroad during the past ten years, I do not know of a single one which was financed by the issuance of such bonds."

It would appear that the South, and in particular North Carolina, are fully aware of some of the inherent dangers to economic stability, and the provision of adequate public services, which could result from luring industries by an over-emphasis upon tax exemptions and cheap labor inducements. Although some southern states have statutes offering these tax exemptions to new industries, North Carolina, Georgia, Texas and Virginia do not, the latter state having repealed its law permitting this practice, in 1946.

TAXES AND CREDIT STRUCTURES: The State government has been operating for a number of years on an essentially balanced budget with frequent surpluses in the General Fund. Although earnings will fall below estimates by less than one per cent of a total of about \$186,000,000 in fiscal 1954, there was an ample carry-over from 1953 to offset this. Aside from the old General Fund and Highway Fund debts, where adequate provision has already been made through sinking funds for their retirement at maturity, the only outstanding State obliga-